

**YOU HAVE THE POWER...
KNOW HOW TO USE IT, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

You Have the Power...Know How to Use It, Inc.

We have audited the accompanying statements of financial position of You Have the Power...Know How to Use It, Inc. (the "Organization") as of December 31, 2011 and 2010 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of You Have the Power...Know How to Use It, Inc. as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

September 27, 2012

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	\$ 117,414	\$ 180,170
Other accounts receivable	<u>992</u>	<u>1,401</u>
Total Current Assets	<u>118,406</u>	<u>181,571</u>
COMPUTER EQUIPMENT	10,320	8,236
Less: Accumulated depreciation	<u>(8,014)</u>	<u>(7,335)</u>
Computer Equipment, net	<u>2,306</u>	<u>901</u>
INVESTMENTS	<u>31,880</u>	<u>30,135</u>
TOTAL ASSETS	<u><u>\$ 152,592</u></u>	<u><u>\$ 212,607</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued expenses and other liabilities	<u>\$ 32</u>	<u>\$ 154</u>
NET ASSETS		
Unrestricted	132,410	212,453
Temporarily restricted	<u>20,150</u>	<u>-</u>
Total Net Assets	<u>152,560</u>	<u>212,453</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 152,592</u></u>	<u><u>\$ 212,607</u></u>

The accompanying notes are an integral part of these financial statements.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CHANGE IN UNRESTRICTED NET ASSETS		
Public Support		
Contributions	\$ 80,323	\$ 77,779
Grants	115,131	94,154
Special events	<u>46,784</u>	<u>48,463</u>
Total public support	<u>242,238</u>	<u>220,396</u>
Revenues		
Program revenue	26,712	72,813
Interest income	2,405	2,181
Miscellaneous income	<u>1,981</u>	<u>754</u>
Total revenues	<u>31,098</u>	<u>75,748</u>
Total unrestricted public support and revenues	<u>273,336</u>	<u>296,144</u>
Expenses		
Program services	206,741	210,593
Supporting services	<u>146,638</u>	<u>81,018</u>
Total expenses	<u>353,379</u>	<u>291,611</u>
Change in unrestricted net assets	<u>(80,043)</u>	<u>4,533</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	<u>20,150</u>	<u>-</u>
Change in net assets	(59,893)	4,533
Net assets, beginning of year	<u>212,453</u>	<u>207,920</u>
Net assets, end of year	<u><u>\$ 152,560</u></u>	<u><u>\$ 212,453</u></u>

The accompanying notes are an integral part of these financial statements.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011

		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Grand Total
Salaries and related expenses	\$ 127,625	\$ 2,926	\$ 92,551	\$ 95,477	\$ 223,102
Insurance	-	2,258	-	2,258	2,258
Depreciation	564	13	102	115	679
Printing and publications	3,849	45	-	45	3,894
Postage	2,254	133	265	398	2,652
Professional services	4,944	10,734	-	10,734	15,678
Rent	17,313	1,393	2,145	3,538	20,851
Supplies	2,308	2,360	-	2,360	4,668
Taxes, licenses, and fees	-	275	-	275	275
Travel	-	8,913	-	8,913	8,913
Telephone	3,337	196	393	589	3,926
Miscellaneous	4,820	2,669	-	2,669	7,489
Video production	39,727	-	-	-	39,727
Event expense	-	-	19,267	19,267	19,267
Total	<u>\$ 206,741</u>	<u>\$ 31,915</u>	<u>\$ 114,723</u>	<u>\$ 146,638</u>	<u>\$ 353,379</u>

The accompanying notes are an integral part of these financial statements.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010

		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Grand Total
Salaries and related expenses	\$ 157,920	\$ 1,878	\$ 46,960	\$ 48,838	\$ 206,758
Insurance	-	3,396	-	3,396	3,396
Depreciation	541	13	98	111	652
Printing and publications	9,022	212	-	212	9,234
Postage	2,340	138	275	413	2,753
Professional services	6,063	10,923	-	10,923	16,986
Rent	17,009	1,374	2,099	3,473	20,482
Supplies	1,717	5,416	-	5,416	7,133
Taxes, licenses, and fees	-	385	-	385	385
Travel	8,121	-	-	-	8,121
Telephone	3,026	178	356	534	3,560
Miscellaneous	1,640	1,060	-	1,060	2,700
Video production	3,194	-	-	-	3,194
Event expense	-	-	6,257	6,257	6,257
Total	<u>\$ 210,593</u>	<u>\$ 24,973</u>	<u>\$ 56,045</u>	<u>\$ 81,018</u>	<u>\$ 291,611</u>

The accompanying notes are an integral part of these financial statements.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	<u>\$ (59,893)</u>	<u>\$ 4,533</u>
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	679	652
(Increase) decrease in operating assets:		
Grants receivable	-	5,554
Other accounts receivable	409	(1,118)
Prepaid expenses	-	1,025
Increase (decrease) in operating liabilities:		
Accrued expenses and other liabilities	<u>(122)</u>	<u>137</u>
Total adjustments	<u>966</u>	<u>6,250</u>
Net cash (used) provided by operating activities	<u>(58,927)</u>	<u>10,783</u>
Cash flows from investing activities:		
Purchase of computer equipment	(2,084)	-
Interest reinvested in investments	<u>(1,745)</u>	<u>(616)</u>
Net cash used by investing activities	<u>(3,829)</u>	<u>(616)</u>
(Decrease) increase in cash and cash equivalents	(62,756)	10,167
Cash and cash equivalents, beginning of year	<u>180,170</u>	<u>170,003</u>
Cash and cash equivalents, end of year	<u><u>\$ 117,414</u></u>	<u><u>\$ 180,170</u></u>

The accompanying notes are an integral part of these financial statements.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

You Have the Power...Know How to Use It, Inc. (the "Organization") was incorporated in 1995 as a Tennessee not-for-profit corporation to operate as a direct-support organization to receive, hold, invest, and administer assets and to make expenditures to and for the benefit of public education. The Organization educates the general public about issues related to violent crimes and victim's rights, and heightens public awareness about the resources available to them in regard to such issues. The Organization is supported primarily through donor contributions and grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents. The Organization generally maintains cash on deposit at financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Grants Receivable

Grant funds are earned and reported as revenues of the applicable grant when the Organization has incurred expenses in compliance with the specific restrictions of the grant agreement. Expenses incurred for grant funds which have not been received are reported as grants receivable.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Computer Equipment and Depreciation

The Organization capitalizes all costs in excess of \$500 for computer equipment. Donated computer equipment is recorded at its estimated market value at the date of the gift. Depreciation is provided over the assets' estimated useful lives of five years using the straight-line method.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals and betterments are capitalized. When equipment is retired or sold, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in the statements of activities.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - net assets that are subject to donor imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income from these assets.

Contributions that are restricted for specific programs are reflected as unrestricted revenue if the restriction is fulfilled during the same fiscal year as it is received.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

Donated goods are recorded as in-kind contributions in the period received at their estimated fair value, if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance nonfinancial assets or the donated services requires specialized skills, was performed by a donor who possess such skills, and would have been purchased by the Organization, if not donated. Such services are recognized at fair value as support and expense in the period the services were performed.

The value of donated services included in public support in the statements of activities and changes in net assets and the corresponding expenses for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Event Expense	\$ 4,784	\$ 1,500
Professional Services	<u>5,175</u>	<u>3,701</u>
	<u><u>\$ 9,959</u></u>	<u><u>\$ 5,201</u></u>

A number of unpaid volunteers have made contributions of their time to assist the Organization in various ways. The value of contributed time is not reflected in these financial statements since it is not susceptible to objective measure or valuation.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a charitable organization. Accordingly, no provision for income tax has been made.

Video Production

The Organization incurs significant costs to produce videos. These videos are used in forums to educate the general public and are sold at or below cost to organizations that use the videos for educational purposes. FASB (Financial Accounting Standards Board) ASC (Accounting Standards Codification) 926-20-25 requires film costs related to the production of a film to be reported as a separate asset on the Organization's statements of financial position. This asset is amortized using the individual-film-forecast-computation method, which amortizes such costs in the same ratio that current period actual revenue bears to estimated remaining unrecognized ultimate revenue as of the beginning of the year. Management has determined that the cost of complying with this requirement exceeds the benefit that would be received, and accordingly expenses production costs as incurred.

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 3 - INVESTMENTS

The Organization routinely invests excess cash on hand in certificates of deposit. These certificates of deposit have original maturities ranging from six months to five years. Investments with original maturities of less than one year are classified in the statements of financial position as short-term investments. Investments with original maturities of greater than one year are classified in the statements of financial position as investments. There were no short-term investments at the years ended December 31, 2011 and 2010.

NOTE 4 - LEASE COMMITMENTS

The Organization leases office space and various office equipment under operating leases. Rent expense, including utilities, under these leases amounted to \$20,851 and \$20,482 for the years ended December 31, 2011 and 2010, respectively.

Future minimum payments by year and in the aggregate under non-cancelable leases consist of the following:

<u>Years ending December 31:</u>	
2012	\$ 20,077
2013	20,371
2014	5,261
	<hr/>
	\$ 45,709

YOU HAVE THE POWER...KNOW HOW TO USE IT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 5 - CHARGE CARDS

The Organization maintains unsecured charge cards with several supply companies for office supplies and other business items. The cumulative credit available through these lines of credit was \$1,400 and \$13,400 as of December 31, 2011 and 2010, respectively. All outstanding balances are paid monthly in the normal course of operations and accordingly there was no outstanding balance at December 31, 2011 or 2010.

NOTE 6 - QUESTIONED COSTS

Questioned costs are those amounts charged to a funded program that may not be in compliance with requirements set forth in contracts, statutes, and regulations governing allowability or eligibility. A questioned cost may not be reimbursed by the grantor agency or the grantor agency may require that the funds already expended be refunded to the agency. These amounts can be "questioned" by the agency for the specific grant to which they apply. The determination as to whether such costs will be allowed or disallowed under the grants will be made by the individual grantor agency at a later date. No liability is needed as of December 31, 2011 or 2010 for the repayment of questioned costs as no grantor agency has made a determination of the appropriateness of any questioned costs. Management deems the possibility of a refund to be remote, as they believe that the Organization has accommodated their objective to the provisions of their grants.

NOTE 7 - MANAGERMENTS' REVIEW

The Organization's management has evaluated subsequent events through September 27, 2012, the date which the financial statements were available to be issued.